

COMMITTEE ON GOVERNMENT REFORM & GOVERNMENT FINANCE ACCOUNTABILITY

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* Strike-everything Amendment
[E] Emergency Clause
[P 108] Proposition 108 Clause

Bill	Chapter	Short Title	Page
HB 2001	187	tax setoff for debts; verification	77
HB 2009	5	department of administration; continuation.....	77
HB 2010	89	government information technology agency; continuation	77
HB 2011	41	state personnel board; continuation	77
HB 2012	42	Prescott historical society; continuation	77
HB 2024	117	government anti-identification theft assessment	77
HB 2040	6 [E]	ombudsman-citizen aide; reappointment.....	77
HB 2080	91	*utility development; advanced planning	77
HB 2083	104	*hit and run; mitigating; aggravating	77
HB 2128	127 [E]	amusement gambling; charitable organizations	77
HB 2229	64	peace officers memorial board	77
HB 2231	11	state employees; annual leave transfers	78
HB 2232	131	capitol police; reserve officers.....	78
HB 2239	299	reviser's technical corrections; 2006	78
HB 2343	189	developmental disabilities oversight committee	78
HB 2376	135	indecent exposure; breast-feeding	78
HB 2475	270	*clean innovation technology taskforce.....	78
HB 2488	209	child support enforcement; performance audit	78
HB 2592	382	school buildings; developer partnership	79
HB 2793	245	DOC; peace officer status.....	80
SB 1095	39 [E]	code talkers monument; extension	80
SB 1096	151 [E]	probation officers; overtime compensation	80
SB 1112	314	battle of the bulge monument	80
SB 1132	31	enduring freedom monument; funding extension.....	80
SB 1180	280	constable ethics committee; membership.....	81
SB 1241	35	9/11 monument; deadline extension	81
SB 1258	37	law enforcement agencies; retirement credentials	81
SB 1279	318	minimum constable salaries.....	81

SB 1338	232		personal information; security breach; notification.....81
SB 1385	87		inactive state funds; elimination.....82
SB 1386	167		crime victims; free police reports82
SB 1436	169		office of manufactured housing; deputy.....83
SB 1454	315	[E]	fire district amendments.....83

HB 2001 – Chapter 187 – tax setoff for debts; verification

Provides reimbursement guidelines for taxpayers who were incorrectly identified as debtors by a state agency or court and subject to an interception of state tax refunds. Additionally, the bill requires the agency or court to verify taxpayer identification by matching at least two items of identification of the taxpayer, and provide final confirmation in writing to the Department of Revenue and establishes that the taxpayer is entitled to a full refund, interest and penalties if the tax refund is incorrectly intercepted by the court. The penalties are 10 percent of the amount of the refund if the taxpayer is reimbursed within 180 days after the refund was wrongfully intercepted, 15 percent of the amount of the refund if the taxpayer is reimbursed between 180 and 365 days after the refund was wrongfully intercepted or 20 percent of the amount of the refund if the taxpayer is reimbursed after 365 days after the refund was wrongfully intercepted.

HB 2009 – Chapter 5 – department of administration; continuation

Continues the Department of Administration until July 1, 2016.

HB 2010 – Chapter 89 – government information technology agency; continuation

Continues the Government Information Technology Agency and the Information Technology Authorization Committee until July 1, 2016.

HB 2011 – Chapter 41 – state personnel board; continuation

Continues the State Personnel Board until July 1, 2016.

HB 2012 – Chapter 42 – Prescott historical society; continuation

Continues the Prescott Historical Society of Arizona until July 1, 2016.

HB 2024 – Chapter 117 – government anti-identification theft assessment

Requires government agencies to establish procedures to ensure that entity and personal identifying information is secure and inaccessible to unauthorized persons.

HB 2040 – Chapter 6 [E] – ombudsman-citizen aide; reappointment

Reappoints Patrick M. Shannahan as ombudsman-citizens aide until June 30, 2011.

HB 2080 – Chapter 91 – *utility development; advanced planning

Allows an electric or natural gas utility to cooperate with any municipality or county to plan for anticipated facility installation. Additionally, it requires that plans developed and delivered by an electric or natural gas utility, a municipality or county include both the location and nature of the planned facilities in the municipality's general plan or county's comprehensive plan.

HB 2083 – Chapter 104 – *hit and run; mitigating; aggravating

Expands the list of aggravating and mitigating circumstances to include the failure or compliance with laws regarding accidents resulting in the injury or death of another person.

HB 2128 – Chapter 127 [E] – amusement gambling; charitable organizations

Allows some organizations already in tax exempt status to hold amusement gambling contests without registering with the Attorney General.

HB 2229 – Chapter 64 – peace officers memorial board

Expands the Peace Officers Memorial Board by six members including the Director of the Department of Corrections, the Executive Director of the Arizona Criminal Justice System, two family members of peace officers who have lost their lives in the line of duty and two additional members from a statewide organization representing law enforcement personnel.

HB 2231 – Chapter 11 – state employees; annual leave transfers

Requires the Arizona Department of Administration's (ADOA) Personnel Board rules to allow for the transfer of accumulated annual leave, if an employee or a member of an employee's immediate family has a serious incapacitating and extended disability caused by pregnancy or childbirth.

HB 2232 – Chapter 131 – capitol police; reserve officers

Authorizes the ADOA to establish the Capitol Police Reserve as a volunteer organization consisting of U.S. citizens who are Arizona residents, who render auxiliary support, without compensation, to ADOA at the direction of the ADOA Director. The ADOA Director must issue a badge of authority, bearing the word *reserve* across the badge, distinguishing between certified peace officers and non-peace officers, to each reservist to be used for activities authorized by the ADOA Director.

HB 2239 – Chapter 299 – reviser's technical corrections; 2006

Corrects defective and/or conflicting statutory text.

HB 2343 – Chapter 189 – developmental disabilities oversight committee

Creates the 12 member Developmental Disabilities Oversight Committee (Committee) and charges the Committee with the following duties: Monitor and evaluate the effectiveness of the qualified vendor system of delivering services to the developmentally disabled; Take testimony and study the feasibility of modifications to the state's system of delivering services to the developmentally disabled; Study available employment opportunities for the developmentally disabled and make recommendations for improvement.

HB 2376 – Chapter 135 – indecent exposure; breast-feeding

States that breast-feeding is not an act of indecent exposure and that a mother is entitled to breast-feed in any area of a public place or a place of public accommodation where a mother is lawfully present.

HB 2475 – Chapter 270 – *clean innovation technology taskforce

Establishes the 18 member Clean Coal Technology Task Force and requires the Task Force to develop a strategic plan for the advancement of future clean coal-fired power plants in Arizona. The strategic plan must educate citizens and policymakers on the suitability and cost of sulfur dioxide emissions controlling technologies, identify the potential for safely capturing and storing coal-fired power plant carbon dioxide emissions identify research opportunities and pilot demonstration projects and determine whether new state policies or incentives are needed.

HB 2488 – Chapter 209 – child support enforcement; performance audit

Eliminates the expiration date for unpaid child support judgments not reduced to a written money judgment. Requires the Office of the Auditor General (OAG) to conduct a special audit of the Department of Economic Security (DES) Division of Child Support Enforcement (DCSE).

- Eliminates the expiration date of three years after the emancipation of the last child for unpaid child support judgments that are not reduced to a written money judgment.
- Deletes specified situations where the expiration date does not apply and the requirement to notify parties to child support orders of the expiration date.
- Allows the child support obligor to assert as a defense that there was an unreasonable delay in attempting to collect child support debt if DES or the child support obligee attempts to collect the debt more than ten years after the emancipation of the youngest child. The obligor has the burden of proving an unreasonable delay.

- Allows the court, if it finds there was an unreasonable delay, to determine that some or all of the debt is no longer collectible after the date of the finding.

Paternity Findings

- Allows a presumptive father to petition the court to terminate a child support order.
- Requires the court to order the petitioner, each child and the child's mother to submit to genetic testing to determine the child's inherited characteristics.
- Requires the court to vacate the determination of paternity and terminate the child support obligation if the court finds that the petitioner is not the child's biological father.
- Allows the court to terminate an order for child support if the court finds that paternity was established by fraud, duress or material mistake of fact.
- Provides that court orders terminating child support obligations are prospective and do not alter the obligation to pay child support arrearages or any other amount previously ordered by the court, unless the court orders otherwise.
- Provides that the petitioner's support obligations continue in effect until the court has ruled in favor of the petitioner.
- Allows the court to order the biological father to pay restitution to the petitioner for any child support paid before the court ruled in favor of the petitioner, if the court finds that it is in the child's best interests.

Special Audit of DCSE

- Requires OAG to conduct a special audit of DCSE to assess performance of the following:
 - ⇒ The number of misdirected support payments and the number of demand letters sent in error or with erroneous information.
 - ⇒ The accuracy of the system by which DCSE records the receipt and transfer of payments and the system used to track changes relating to payees.
 - ⇒ The adequacy of the equipment used to communicate between agencies, the timeliness of processing court orders, the methodology used to collect payments, the accessibility of information to the public and any other DCSE function necessary to complete an accurate and timely audit.

HB 2592 – Chapter 382 – school buildings: developer partnership

Permits a school district governing board to enter into a voluntary partnership agreement with another party to cooperatively design and build school facilities, approved by the School Facilities Board (SFB) to ensure compliance with minimum adequacy and new construction standards, as long as the funds used to construct the facilities are non-school district funds.

- Allows the operation of a new school facility built by a school district governing board in voluntary partnership with another party to begin before the school district is eligible for monies from the New School Facilities Fund (Fund).
- Prohibits a county, city or town to require either a landowner who enters into a school district voluntary partnership agreement to build a new school facility or any future landowner located within the geographic boundaries of a school built through a voluntary partnership agreement to make any contribution or donation to a school district other than a site donation.

- Requires the SFB to exclude square footage built by a school district governing board in voluntary partnership with another party from its per pupil square footage calculation until the SFB pays the school district for that square footage.
- Stipulates that any cost to construct a school facility designed and built by a school district in voluntary partnership with another party that exceeds the amount the school district receives from the Fund is the responsibility of the school district, unless otherwise provided by the other party in the partnership agreement.
- Specifies that a payment made by the SFB to a school district for a school facility built by a school district in partnership with another party will be at the cost per square footage that was in effect when the school facility was constructed and can only occur after the SFB ensures that the school district facility complies with minimum adequacy standards at the time of payment.
- Requires a school district governing board to adopt a resolution in a public meeting that indicates analysis has been conducted on the prospective effects of using existing maintenance and operations monies for the operation of a new school built with a voluntary partnership agreement and the effect on other schools in the school district.
- Allows a school district to claim equal to 20% of the fair market value of land (excludes real property) that is donated for use from the Fund for the new school facility if the land is donated as part of a voluntary partnership agreement.
- Prohibits the use of a community facilities district to be used for reimbursement of financing for the construction of a school under a voluntary partnership agreement.
- Limits a voluntary partnership agreement between only a school district and a master planned community party.

HB 2793 – Chapter 245 – DOC; peace officer status

Adds the Arizona Department of Corrections (ADC) employees who have received a certificate from the Arizona Peace Officer Standards and Training Board to the definition of a *peace officer*.

SB 1095 – Chapter 39 [E] – code talkers monument; extension

An emergency measure that extends the completion deadline of the Navajo Code Talkers Monument to December 31, 2008.

SB 1096 – Chapter 151 [E] – probation officers; overtime composition

An emergency measure that excludes any probation or surveillance officer serving in an executive or administrative capacity from overtime compensation.

SB 1112 – Chapter 314 – battle of the bulge monument

Authorizes the placement of a monument commemorating the Battle of the Bulge in the Wesley Bolin Plaza.

SB 1132 – Chapter 31 – enduring freedom monument; funding extension

Extends the deadline to complete and dedicate the Enduring Freedom Memorial to August 25, 2007.

SB 1180 – Chapter 280 – constable ethics committee; membership

Removes the superior court judge and the chairperson of the Arizona Commission on Judicial Conduct from the Committee and adds one member from the Arizona Multi-housing Association. Additionally, allows a sheriff to charge a reasonable fee for executing a civil arrest warrant ordered by a judge or justice of the peace pursuant to court rule. Deposits the writ fees into the newly established Constable Ethics Committee Fund. Requires 80 percent of the fees to be used for constable training, equipment, and related grants, while the remaining 20 percent is to be used for operating expenses of the Committee. Finally, the act is to be known as *The Marilyn Jarrett Constable Ethics Act*.

SB 1241 – Chapter 35 – 9/11 monument; deadline extension

Extends the time allotted for the completion and dedication of the 9/11 Commemorative Monument to September 18, 2007.

SB 1258 – Chapter 37 – law enforcement agencies; retirement credentials

Requires law enforcement agencies to issue photo identification to officers who retire honorably.

SB 1279 – Chapter 318 – minimum constable salaries

Increases the cap for constable salaries in precincts with 16,000 or more registered voters from \$55,654, to \$61,208. Additionally, removes the requirement that constable salaries of no more than \$15,000 be based on the number of civil cases filed and requires the salaries of constables in precincts of 5,000 or fewer registered voters to be set at no more than \$15,000.

SB 1338 – Chapter 232 – personal information; security breach; notification

Effective January 1, 2007, requires a business or governmental entity conducting business in Arizona to notify state residents of a breach of their security system when personal information of the individuals has been compromised.

Security Breaches

- Requires a person conducting business in Arizona who owns or licenses unencrypted computerized data that includes personal information and who becomes aware of an incident of unauthorized acquisition of and access to unencrypted or unredacted computerized data to conduct an investigation to promptly determine if a breach of the security system has occurred.
- States good faith acquisition of personal information by an employee of a person for the purposes of the person is not a security breach if the personal information is not used for a purpose unrelated to the person or subject to further willful unauthorized disclosure.
- Excludes publicly available information from being personal information.

Notification Requirements

- Requires a person who determines a security breach has occurred to notify the individuals affected.
- States a person is not required to notify individuals of a security breach if the person or a law enforcement agency, after a reasonable investigation, determines a security breach has not occurred or is not reasonably likely to occur.
- Requires the notice of a security breach to be made in the most expedient manner possible without unreasonable delay subject to the needs of law enforcement and any measures necessary to determine the nature of the breach, to identify affected individuals or to restore reasonable integrity of the data system.

- Allows notification of a security breach to be delayed if a law enforcement agency advises the person that notification will impede a criminal investigation.
- Requires a person that maintains but does not own unencrypted computerized data that includes personal information to notify and cooperate with the owner of the information following discovery of a security breach without unreasonable delay. The owner of the data is required to provide notification of the security breach.
- States the person who maintained the data under an agreement with the owner of the data is not required to provide notice to individuals of a security breach unless the agreement stipulates otherwise.
- Requires notification of a security breach to be either by written, electronic or telephonic means, or provided by substitute notice.
- Allows a substitute notice to be provided if the cost of providing a notice by written, electronic or telephonic means would exceed \$50,000, the number of affected individuals to be notified exceeds 100,000 persons or the person does not have sufficient contact information for the individuals.
- Requires a substitute notice to consist of all of the following:
 - ⇒ Email notice if the person has email addresses for the individuals.
 - ⇒ Conspicuous posting of the notice on the person's website if the person maintains one.
 - ⇒ Notification to major statewide media.

Exceptions

- Deems a person to be in compliance with the security breach notification requirements if the person notifies individuals of a security breach in accordance with the person's policies and those policies are consistent with the statute's notification requirements.
- Deems a person to be in compliance with the security breach notification requirements if the person complies with the notification requirements or security breach procedures pursuant to the rules, regulations, procedures, guidance or guidelines of the person's primary or functional federal regulator.
- Exempts the following from the security breach notification requirements:
 - ⇒ A person subject to the federal Gramm Leach Bliley Act.
 - ⇒ Covered entities under the federal Health Insurance Portability and Accountability Act.
- Requires law enforcement and prosecution agencies and the courts to create and maintain an information security policy that includes notification procedures for a security breach of the agencies' or the courts' systems.

Miscellaneous

- Allows only the Attorney General to enforce the security breach notification requirements.
- Allows the Attorney General to bring an action to obtain actual damages for a willful and knowing violation of the security breach notification requirements and a civil penalty of not more than \$10,000 per security breach or series of breaches of a similar nature that are discovered in a single investigation.

- States security breach notification is a matter of statewide concern and the notification requirements preempt all municipal and county ordinances and rules.
- Repeals the security breach notification requirements one year after the effective date of the federal personal data privacy and security act. Requires the Attorney General to notify the Director of Arizona Legislative Council of this date.
- Defines *person*, *security breach*, *personal information* and *individual*.

SB 1385 – Chapter 87 – inactive state funds; elimination

Requires the Department of Administration and any other applicable agency to eliminate and delete the listed inactive funds from the department's active records and stipulates that all remaining monies in the eliminated funds be reverted back to the State General Fund.

SB 1386 – Chapter 167 – crime victims; free police reports

Expands victim's rights to public records by allowing the victim or family member one free copy of the police report.

SB 1436 – Chapter 169 – office of manufactured housing; deputy

Eliminates the Assistant Director position of the Office of Administration and reassigns the powers, duties, and functions of the Assistant Director to the Deputy Director of the Office of Manufactured Housing.

SB 1454 – Chapter 315 [E] – fire district amendments

An emergency measure that modifies fire district statutes regarding district formation, boundary change, governance and powers and duties.

Fire District Formation and Boundary Changes

- Requires the impact statement that is required to form a fire district to include a description of the scope of services to be provided by the district during its first five years of operation, including an estimate of anticipated capital expenditures, personnel growth and enhancements to service.
- Removes the ability of a person aggrieved by an annexation decision of the district board to appeal to the county board of supervisors.
- Removes the requirement that the court require the district pay court costs, including attorney fees, if the appellant prevails.
- Allows the Attorney General, county attorney or any other interested party to question the validity of the annexation for failure to comply with the annexation requirements and specifies filing and hearing requirements. Places the burden of proof on the plaintiff.
- Specifies the criteria to determine whether the proposed annexation is contiguous.
- Clarifies that assessed valuation of property does not include state or federal property.
- Allows a fire district, community park maintenance district or sanitary district to appropriate and spend monies to assist individuals or entities to change the district's boundaries.
- Establishes a process to change boundaries in conjunction with city or town annexation for fire districts that provide services to the city or town.
- Establishes a format in which all petitions to form a special taxing district must follow.

- Authorizes fire districts over 50,000 persons to expand their board to seven members from five members by a majority vote of the board. Specifies election and term of office requirements.
- Removes the requirement that a circulator of petitions to form a fire district attest to the presence of the property owners.

Fire District Powers and Duties

- Allows a fire district to enforce the fire code adopted by the district.
- Establishes notice requirements for fire district elections.
- Allows a fire district to replace the adopted fire code with an alternative nationally recognized fire code with approval of the State Fire Marshal and after a hearing but without a vote of the district.
- Allows a fire district to adopt resolutions for a financial reimbursement to taxpayers scheduled for installation of certain fire protection systems such as sprinklers and monitored alarms.
- Requires the resolution to include: an analysis of savings to the district for use of the fire protection systems performed by a qualified expert; the specifications of all qualifying systems; the requirements for claiming reimbursement and; d) the requirement that the resolution expires one year after adoption.
- Allows a fire district board to change the district's name through a district vote rather than through an election. Specifies vote requirements for name change.
- Allows a fire district to require all employees to submit a full set of fingerprints.
- Authorizes a fire district to provide or assist in providing emergency fire or emergency medical services outside of its boundaries if the services are unavailable and the services are requested by any law enforcement, fire district, fire department or private person.
- Allows the fire district to receive reimbursement for the costs of providing the emergency services.
- Specifies that the person receiving the services is liable to the district for the costs and the costs constitute a debt of the person and may be collected by the district.
- Requires the cost for providing emergency fire or medical services to be set forth in the resolutions adopted by the district.
- Removes the current statutory limitation on reimbursement for fire protection services.

Fire District Mergers and Consolidation

- Allows two or more fire districts to merge if the governing body of each district, by a majority vote, adopts a resolution declaring that a merger be considered and a public hearing be held to consider the issue. Specifies notice and hearing requirements.
- Deems the merger approved if after the hearing each district board adopts a resolution by a majority vote that the merger will promote public health, comfort, convenience, necessity or welfare and a majority of the electors vote in favor of the merger.

- Requires a district board to obtain written consent to the merger from any single taxpayer who owns 30 percent or more of the net assessed valuation of the total net assessed valuation of the district before considering any merger resolution.
- Authorizes a fire district to consolidate with one or more districts.
- Requires the requesting district to pass a resolution by a majority vote requesting consolidation into another fire district.
- Requires the requesting district to mail a notice of request to consolidate to the fire district in which the consolidation is requested.
- Requires the fire districts to prepare a consolidation impact statement on receipt of the resolution and on approval by majority vote of the district receiving the request. Specifies consolidation impact statement requirements.
- Requires a consolidation impact statement hearing and a consolidation of the districts hearing. Specifies notice and hearing requirements.
- Requires the receiving district to declare the district consolidated and each affected district joined if the district determines that the public health, comfort, convenience, necessity or welfare will be promoted and a majority of the electors vote in favor of the consolidation.
- Requires the consolidated district to be formed ten days after the district votes to create the district.
- Specifies the governance and naming requirements of the consolidated district.
- Requires a district board to obtain written consent to the consolidation from any single taxpayer who owns 30 percent or more of the net assessed valuation of the total net assessed valuation of the district before considering any consolidation resolution.
- Exempts fire district mergers and consolidations from the election requirements if the governing bodies vote unanimously in support of the merger or consolidation and any property owner from each district owning 30 percent or more of the total net assessed valuation consents to the merger.

Miscellaneous

- Requires costs and reasonable attorney fees to be awarded to a defendant who is a prevailing party in a legal challenge regarding the formation of a county island fire district and allows the board of supervisors to advance funds to the county island fire district for the representation of named parties and defense of the action.
- Authorizes a county island fire district to enter into an intergovernmental agreement (IGA) with the county in which the district is located for any purpose not inconsistent with statute.
- Requires the bond election ballot to comply with electronic voting requirements.
- Requires personnel to be merged and become part of the fire department of the annexing city or town when the fire district is entirely annexed.

- Requires the joint petition to annex property into a city or town that is serviced by a fire district to state that the property will be under the jurisdiction of both the city or town and the fire district.
- Allows an election to reorganize a fire district administration to be held on any consolidated election date and requires the county board of supervisors to give notice in the same manner as for a fire district bond election.